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Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D. C. 20554

In the Matter of

FCC No. 95-281

Amendment of the Commission's  
Rules and Policies to Increase  
Subscribership and Usage of the  
Public Switched Network

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CC Docket No. 95-115

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**Comments of United Utilities, Inc.**  
**in response to**  
**Notice of Proposed Rulemaking Released July 20, 1995**

These comments are filed in response to the Notice of Proposed Rulemaking (NPRM) adopted July 13, 1995 under CC Docket 95-115, Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network.

United believes that the proposed rules set forward in this NPRM contradict the current trend towards decreased regulation, and towards increased competition. At a time when legislation and FCC regulation is attempting to reduce the Local Exchange Companies' (LECs) ability to earn the revenue requirement needed to continue to offer quality service to their subscribers, this NPRM would 1) decrease the LECs ability to collect revenues from subscribers; 2) cause LECs to incur costs to modify billing programs; and 3) increase LECs costs of posting collections from customers.

LECs are, for the most part, marketing the call control services outlined in this NPRM as a means of keeping their market share of customers, and as a means of reducing bad debts. In addition, LECs offer assistance with Connection Charges and Deposits, work with customers to limit disconnects, and provide information on lifeline assistance where available, in order to keep Subscribership high.

**1. Call Control Services**

**a. Voluntary Long-Distance Blocking Services**

United already offers voluntary restriction of toll calling services. The rates for such services are \$1.50 per month for any or all toll calling restrictions, with the exception of 900 blocking, which is free. United's toll calling restriction options include blocking of collect or credit card calls, incoming or outgoing. There is a one time only charge for most of the blocking options of \$32.50 (Service Order Charge plus Central Office Charge), which is only charged when toll blocking is not elected with initial turnup of

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service. United's toll calling restrictions are for both interstate and intrastate, but allow for 800 and 911. In United's service area, 900 blocking has a 23.4% subscription rate, 3rd party billing block has a 47.46% subscription rate, incoming call blocking a 33.31% subscription rate, blocking all but credit card calls an 11.61% subscription rates. Other options have less than 3% subscription rates.

As more and more customers inquire into toll blocking options from competitive local service providers, LECs who want to keep customers will offer such options. We believe that "requiring" a specific toll blocking option is an archaic response to the problem, and diametrically opposed to the current emphasis on reduced regulation.

United's customers are offered toll blocking with regard to jurisdiction. United's call blocking services are designed to respond to customer needs rather than meeting jurisdictional mandates. Mandatory jurisdictional toll blocking will ultimately drive up the cost of toll blocking, which will decrease the savings for the customers who need it most.

#### **b. Other Long-Distance Restriction Services**

With the exception of debit card usage, the other options proposed in the NPRM in Paragraph 20 are cost prohibitive for rural LECs. LECs are being driven to reduce costs, through proposed regulations regarding USF and DEM, and through proposed competition legislation in Congress. Pre-set monthly dollar limits would require real-time toll rating, requiring a high-powered and configured computer, dial-up capabilities to United's 58 switches, a toll-rating data base, a new billing program, and personnel to monitor all of the above. Per minute usage restrictions or time-of-day restrictions would require major programming changes to United's 58 switches, along with daily or weekly monitoring of same, which would increase United's costs. Personal identification number (PIN) access to the interexchange carriers (IXCs) is primarily a function of the IXC providing toll service, rather than LECs.

#### **c. Assistance with Connection Charges and Deposits**

United's tariff calls for deposits equal to 45 days of service (exchange plus toll). If the customer elects toll blocking, the deposit is for 45 days of exchange service only. We see no need for Federal regulation on deposit requirements. As competition in the LEC field increases, customers will shop for the best and cheapest opportunities. Deposit requirements are a marketing tool like any other, and subject to pressures of competition. Current practices are designed to encourage Subscribership wherever financially feasible, since this is United's best interest.

#### **d. Disconnection Restrictions**

While United notes that even though the FCC provides statistics on Pennsylvania's high subscription rate over the past decade since disconnection of local service for

nonpayment of toll charges was prohibited in that state, there are no statistics provided in this NPRM about the bad debt ratio for IXC's and LEC's from Pennsylvania operations, nor about the costs absorbed by other toll users from bad debts generated by the non-disconnect policy. The prohibition against disconnection for any purpose by the FCC is contrary to sound business practices. The telecommunications industry's only recourse when a customer refuses to pay a bill is to disconnect that customer, and, if necessary, to pursue small claims in court. There is no property to be seized, only the availability of service can be removed.

United does not disconnect customers for non-payment until all other options have been exhausted. These options include contacting the customer to inquire if voluntary toll restriction could be placed on the account until it is paid back to current balances, and working with the customer on payment plans.

United's ability to contract with IXC's for billing of toll receivables is in part dependent upon its ability to control toll bad debts. Regulation by the FCC inhibiting United's options to collect toll charges from customers would impact United's ability to negotiate favorable billing and collection contracts in an ever increasing competitive environment.

## **2. Lifeline Assistance**

Lifeline assistance programs need to be reviewed after overall universal service issues (CC Docket 80-286) are decided, and potential amounts of assistance can be determined.

## **3. Services Targeted for Low Income Populations that are Highly Mobile**

Of the services mentioned by the Commission as potentially alleviating access problems for mobile, low-income persons, only "high-volume, low cost central calling facilities" do not currently exist in the marketplace. Presumably, such facilities would displace at least some pay telephones near the proposed facilities. United does not believe that a need exists for such a facility, nor has it been contacted by anyone desiring such a facility. It is unlikely that any program instituted by the Commission will target this population segment better than the existing competitive market for debit cards, voice mail services, or PINs.

## **4. Extending Telephone Service to Unserved Areas**

United uses Basic Exchange Telephone Radio Service (BETRS) and VHF radio service technologies to extend subscriber loops to customers otherwise uneconomical to serve. Fixed cellular holds promise as another option to connect more customers to the network. United believes that the greater the technological options available to LECs, the greater the likelihood of "making universal service available to all Americans". One such technology with the potential to extend basic service to unserved areas is using satellite local loop facilities to connect remote subscribers to a local exchange switch.

Current Demand Assigned Multiple Access (DAMA) networks might provide service to some remote subscribers at less cost than other technologies on the horizon. The Commission should encourage the use of such technologies when they present the most cost effective solutions for connecting new subscribers.

## **5. Consumer Awareness Issues**

LECs are the first line of inquiry for customers seeking information on telephone service and service options. United provides its customers with the most current information in English or Yupik (Native Alaskan language used in Western Alaska), and is active in sponsoring community events and social organizations.


United has an economic incentive to increase subscribership, to increase revenue and to enhance the value of the entire network. United's customers have been bombarded with marketing offers and deals over the last decade by various IXC's.

Within United's service area, customers and non-customers alike know who provides local service, their toll service options, what the costs are, what plans they subscribe to and what plans are available.

## **6. Conclusion**

No new regulations should be initiated at this time to increase subscribership to the Public Switched Telephone Network. The ability to deliver service on a universal basis will largely be determined in CC Docket 80-286. Once the existing universal service programs have been restructured, it may be appropriate to revisit the issues raised in this docket.

Respectfully submitted,

  
Steve Hamlen  
President